

The Bristol Media Barometer 2014

Exploring our creative industries

The Bristol Media Barometer 2014

Introduction from Invest Bristol & Bath

In a report from NESTA, the UK's leading independent think tank on innovation, the Bristol and Bath region accounts for two out of the nine creative hotspots in the UK; pretty good going we think.

Invest Bristol & Bath is pleased to be supporting the Bristol Media Barometer and the region's creative industries. Since the BBC first opened its doors in Bristol, we have become a global centre of excellence for factual TV production and natural history film making, responsible for over 25% of all natural history films worldwide. As well as the BBC's facilities, production companies both big and small have chosen Bristol & Bath to work in, from the international production giant Endemol and their hit Channel 4 TV series Deal or No Deal based at the Bristol Bottle Yard Studios, to double BAFTA award-winning Complete Control who specialise in creating original online content for children's publishing and entertainment.

We are also internationally recognised for animation, put on the map by Aardman Animations and the phenomenal Oscar and BAFTA winning success of Wallace & Gromit.

But it's not just in TV where we excel. As well as being home to a number of successful film and TV companies, we have thriving digital, games and design businesses including Bath-based Future, which reaches over 52 million consumers every month globally, the Bristol Games Hub, the largest co-working games hub in the world, and The Yogscast, the world's biggest YouTube gaming channel.

From digital design, branding and publishing to product design, engineering and manufacturing, we continue to attract globally recognised companies across the creative industry. We have built a tremendous reputation for innovation, technology and creativity, supported by leading universities and a hi-tech industry that has great width and depth in the creative sector. It's a great place to see the future happening now, and we mean right now!



David Maher Roberts

Sector Champion
Creative and Tech,
Invest Bristol & Bath

BRISTOL+BATH



Milsom Street, Bath



Hotwells, Bristol

World of opportunity

It's a familiar and welcome story now: the UK economy is on the up – and is set to record good growth in 2014. How does that positive picture translate into activity and sentiment among Bristol and Bath creatives?

Bristol Media's 2014 survey of the creative industries in the Bristol-Bath city-region is our way of shining a light on the sector, and this year's findings reveal an improving story across the financials and other numbers.

Next to those numbers, though, we've also canvassed your ideas and opinions on lots of important topics. Some of what follows here is given over to sharing those insights, too.

Meet the respondents

Nearly half of respondents to our 2014 survey were active in marketing, design and digital agency work, with the split equal across the three disciplines.

Our findings are grouped across seven areas, with some overlap in places, but let's start where you would probably expect us to after a roller-coaster economic period for the UK – with the financials.

Other active areas were **animation, video** and **advertising**, which between them accounted for another fifth of respondents.

Disciplines also represented included (in descending order) software development, PR, mobile, events/experiential and photography, plus myriad others.

What we know about Bristol and Bath as a creative hub

Before turning to this year's results, here's a reminder of a few things we already know about the creative industries in and around Bristol and Bath.

- **There are 15,900 jobs in the creative industries** across the Bristol and Bath region, amounting to £660m in GVA each year
- **Bristol and Bath creatives are 50% more productive than the UK as a whole.** Since 1999, there has been a 106% growth in productivity in creative industries across the Bristol and Bath area
- **Bristol and Bath is one of three key centres for creative industries in the UK.** The others are Manchester and London
- As a key centre for film, TV and animation, **the area has won 14 BAFTAs and four Oscars**
- More than **500 million users every month view digital** content produced in Bristol and Bath
- Bristol and Bath is home to **the world's largest YouTube gaming channel**, The Yogscast celebrates creativity, design and innovation.

The 2014 survey

Our 2014 survey captures where Bristol and Bath creatives have reached in their collective development – and also tries to point where they are headed.

Performance and profit

The UK economy is predicted to grow by up to 3% in 2014. It's a substantial turnaround even from 12 months ago, when the country was still in the doldrums and registering very little growth.

How is that translating into activity among West of England creatives? For many businesses turnover has climbed in parallel with the wider economy's upturn in fortunes.

Among those that tackled the question, **62% reported an increase in turnover in the past 12 months**, while a further **25% reported turnover as steady and just 13% reported a fall**.

The breakdown is strikingly similar when it comes to profits, too. Among those that responded, **63% reported an increase in profits in the past 12 months**, while a further **24% reported profits as steady** and just **13% reported a drop**.

Taken together, these statistics represent the growing strength of our creative industries right now – businesses appear significantly stronger than we've recorded ourselves or noted from other analyses in recent years.

In the same vein, when it comes to their next year-end accounts filing **about 80% of respondents expect to book increased profits**, versus **just 20% anticipating a profits fall**. And of those 80% that expect profits to climb, more than a quarter anticipate the increase to be at least 20%.

The survey in overview

Who

All members of Bristol Media and Creative Bath were surveyed – and hundreds of responses were received, including detailed narrative responses from more than half of respondents

What

The survey, devised by Annesley Media and managed by Future Focus Research, asked more than 20 detailed questions

Where

It was completed by respondents online, with the word spread via email, e-newsletters and social media

When

The survey was conducted in February 2014

Why

The more Bristol Media understands about its membership, the better placed it is to help. We survey members in detail at least every 12 months, as well as engaging in other ways throughout the year.

- Creative hotspots
- Arnolfini
- Paintworks
- Pervasive Media Studio
- Spike Island
- Tobacco Factory
- Watershed
- The Guild, Bath

☞ Bristol Media comment:

It's heartening to see the growth in turnover and profits being recorded by so many Bristol and Bath creatives. With so many micro-businesses in the mix here, what's important now is to cement that growth and build on it sustainably.

Our point is that growth poses its own challenges, particularly around staffing and cash flow, so it's important for those that haven't already made the transition to approach the challenge of growing with a properly strategic mindset, calling on outside support where necessary.

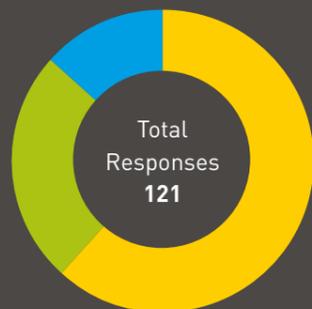
You can't escape the fact that financial sustainability should be a priority. With new business secured, and commitments being made,

it's all too easy for small companies to focus on delivery but overstretch themselves financially and risk running out of cash. It's important to set realistic payment terms too, and to ensure you've proper contracts in place to protect yourself against non-payment or other disputes.

It's an exciting time when business picks up, but it needs to be approached with care.

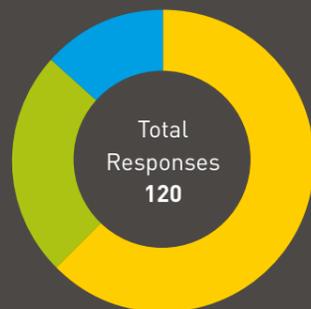


In the last 12 months has your turnover?



61.8% = Increased
30% = Remained static
13.2% = Decreased

How are you feeling about your business prospects compared with a year ago?



62.5% = Increased
24.2% = Remained static
13.3% = Decreased

Business confidence

If profits are up for many, and the wider economy has turned, it follows that business confidence for creatives in Bristol and Bath should be up.



Many creative companies lead a precarious commercial existence

That's what we found from the survey data, but the extent of that confidence is still striking: 76% said they felt more confident – either much more confident (35%) or slightly more confident (41%) – with a further 17% saying their confidence was comparable with a year ago.

Taken together, that's **93% of respondents registering steady or increasing confidence**, which leaves the remaining 7% feeling less confident. Only one in 50 (2% of all respondents) described themselves as much less confident.

But what are the reasons for that confidence? We thought we'd ask, as it's clearly not all down to economic picture.

Here's a selection of responses, grouped under the themes they illustrate:

Restructuring through the downturn is paying off

"We have been working on the business for the past 12 to 18 months, and things are now coming together. The shift from print to digital has been a big change for us, and our contract business has taken off too."

"We've altered our focus and have found a new market. If we'd stayed still we would have failed by now."

Digital is established now

"New digital markets are becoming more financially stable and viable. They are delivering reliable revenues now – the speculative phase for us is over."

"Convergence is a reality, so there is room for innovation and new products. And monetisation across digital is becoming so much easier."

Improved marketing, positioning and branding

"We made changes to the sales channel and refocused the business with a smart non-executive appointment."

"We have created a range of products for a particular sector and expect to gain a reasonable market share this year."

"Our own marketing efforts have started well this year. We've packaged up our services better – and it's working."

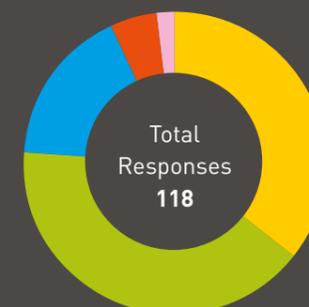
Bristol Media comment:

The survey shows that optimism is growing – but true confidence comes from having a real strategy that you can believe in.

Our advice? If you aren't there yet, **make 2014 the year that you take control of your company**. Revisit that business plan that's been sitting in a desk drawer and set some realistic goals. Decide what you want your business to look like in three, four or five years – and how to get there. More immediately, take stock of your current offer to customers to see how it can be sharpened up or refocused.

Keep working hard at the finances, too. Low cash reserves can quickly put a company in real jeopardy. As the money starts to flow in that bit better try to build up some retained profits as quickly as you can to give yourself a buffer against whatever comes the company's way.

How are you feeling about your business prospects compared with a year ago?



35.6% = Much more confident
 40.7% = Slightly more confident
 16.9% = About the same
 5.1% = Slightly less confident
 1.7% = Much less confident

Staffing and recruitment

The Bristol and Bath area creative companies are small businesses, and that's illustrated once again by this year's survey.

More than half of respondents have a headcount of five or fewer, and fully **three-quarters are businesses with 20 or fewer staff**.

At the other end of the small-business spectrum, nearly one of ten of the businesses that responded have a headcount of more than 70, which shows that once a company gets beyond a certain point it can build momentum and grow well.

And talking of growth, it's on the minds of plenty of creative businesses right now. Nearly half of respondents said taking on more staff was on the agenda this year, with another big chunk – 48% – expecting to maintain current staffing levels. That leaves barely any respondents expecting to cut staff numbers. Across all our findings, this is perhaps the most visible and real sign of the economic corner that has been turned.

Finding good staff is not without its challenges, however. Nearly 40% of respondents reckon it is harder now than it was a year ago, while just 3% thinking things have got easier. (The remainder reckon conditions are the same now.)

But how do you find good people anyway? It was the next question on our survey, and the findings show that there are plenty ways to track down talent, with no single method standing out in terms of usefulness or popularity.

Since staffing is all about fit within a team, as well as skills, it will clearly always be a highly personal process – and that's reflected in the way that individuals are being found in 2014, with technology acting as a powerful enabling tool in recruitment but not fundamentally reshaping how things get done.

To build up a picture of who is being recruited, we also asked about the types of recruits sought. Here, it was striking that full-time positions led the way, but recent graduates and interns were cited by more respondents as of interest than workers in part-time roles.

What to read into this? Well, that statistic was also supported by the fact that a large proportion of the creative businesses surveyed said above **85% of their work was being carried out by in-house full timers** rather than by part-timers or freelancers. It's possible to make a connection here between the availability of full-time, relatively cheap and inexperienced talent in the current jobs market and the tendency of many to look to that resource rather than employ experienced part-timers or 'costly' freelancers.

It's something we intend to explore more at Bristol Media, particularly in order to shine a light on some of the excellence that's out there in the part-time marketplace that's perhaps being overlooked. Watch this space.

The other related theme we asked about was staff churn. Most creatives (86%) said it wasn't a problem, but for those that did see it as an issue there was no stand-out reason cited: everything from training up inexperienced staff only to see them head to London to the struggles involved in hanging onto good software developers in a strengthening market to the perennial challenge posed to small businesses when a key staff member goes on maternity leave.

☞ Bristol Media comment:

There is so much to being a good employer, including successful recruitment strategies to find the right talent, taking decisions about when and where to invest in full-time staff to help you seize and create opportunities, and creating a positive working environment that maximises the effectiveness of the team. Companies also need to invest in staff training to develop and motivate individuals and boost loyalty.

What companies must also start to take more seriously – right now – is their efforts to train and motivate their best staff. With the economy picking up and the market strengthening there is a real risk that key members of staff will be lost to many businesses, with damaging results.

Recruitment can be very successful, but every new starter takes time to bed in and become really productive – and for every excellent new recruit many companies may find they take on two staff that prove less effective for the business. These are expensive and slow lessons to learn, so **value your best staff as much as you possibly can** and you'll soon reap the rewards of the loyalty that's fostered.

○ Six popular recruitment methods

Word of mouth / referral / recommendation

Direct / personal approaches

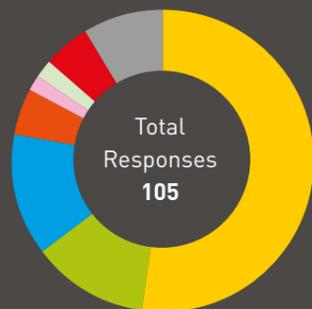
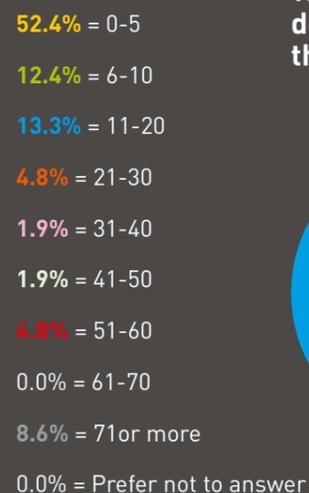
In-bound applications

Recruitment agencies and sites

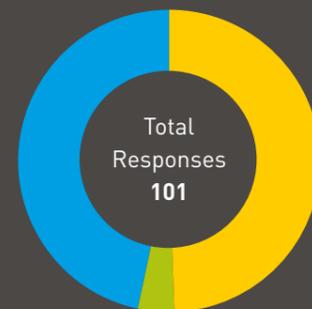
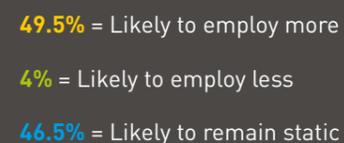
Bristol Media job pages

Networking (face-to-face or social media)

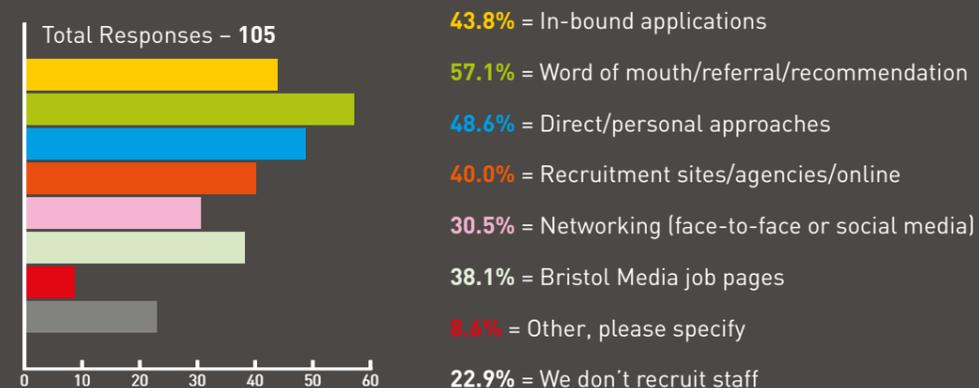
How many staff do you currently employ (at end of January 2014)?



Which of the following best describes your staff levels over the next 12 months?



When you are looking to recruit staff, which of the following methods have you used over the past 12 months?



Generating new business

Securing brand-new business from new customers is even more important in today's rising market.

The days of businesses hunkering down and belt-tightening their way through the downturn are behind us now. It's a relief all round, but it also leaves only one other way to take things – to grow the business and to go after new opportunities.

We asked creatives what proportion of revenues could be defined as coming from new business, and the results look heartening.

Companies in every sector will secure new business in a typical year, but it's striking to us that a quarter of companies reckon their **new business is running at more than 41% of overall sales**, while a further quarter also quote a healthy-sounding new-business proportion of between 21% and 30%. Altogether it means that 58% of respondents reckoned on new business accounting for more than a fifth of sales – and in many cases that proportion was much more than a fifth of course.

How are creatives finding this work in such volume? Much like the picture in recruitment, there has been no need to reinvent the wheel: channels like social media are playing their part, but the **mainstay of securing new-business remains referral and recommendation** (54% said it was the primary way they secured new opportunities), followed by personal contacts (14%).

That's a positive story, for sure, but perhaps it also highlights that smarter marketing and advertising and networking, using new methods, could deliver even more new business.

One related question we also asked, delving into the detail, was whether social media had a significant impact on the business in the past year. Why did we want to know? Just because the use of social media is mainstream now, but it has only recently become so. As another channel to spread the word and connect with people, we just wanted to understand how it is being viewed and used today.

The results that emerged don't reveal a huge amount, but they do shine a light on the evolution of online social networks and how they are being used by business: right now visibility is seen as the main benefit, opening up a new channel that's an alternative to the conventional media. And by opening up this channel social media is also viewed as a useful tool for maintaining credibility in certain circles.

Yet we should also note that a third of creatives still don't reckon it has had any effect at all – an unexpectedly high proportion given what a tech-literate community the creative industries is, and given the apparent ubiquity of social media.

☞ Bristol Media comment:

New business only rarely comes through the door unbid. Business development requires commitment, investment and the best use of market intelligence.

While most companies know the importance of driving new business, many also struggle to find or develop the right senior person to take a lead on developing business. A previous survey we conducted generated the insight, for example, that many companies see the business development function as a role that is especially challenging to recruit.

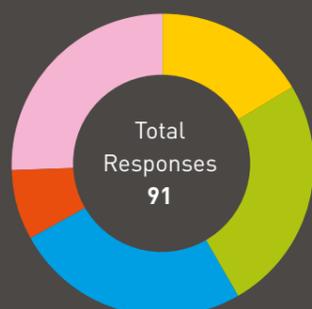
It's worth emphasising that finding new customers is only one half of the business-development equation, of course. It is much cheaper and easier to work at developing and retaining existing clients than it is to put time and effort into developing new business.

But both strands of activity need your attention. You should be working hard to retain and grow your work with existing clients while also ensuring you also make the necessary investment and effort to ensure that your business-development efforts deliver in the round.

That effort might include:

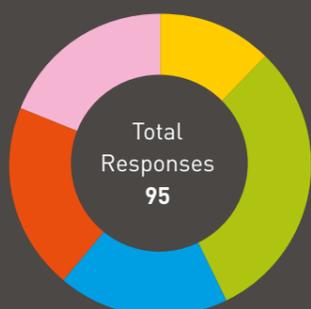
1. **staff development and training** to keep staff motivated and loyal – and better able to spot and secure new-business opportunities themselves
2. ensuring the **business development** function is properly supported in the business, with one or more senior directors dedicating sufficient time to it
3. **developing systems and dashboards to monitor and assess** how these efforts translate into a sales pipeline
4. making the **necessary investment of time and money in developing an effective marketing strategy**

During 2013, what proportion of your revenues could be defined as coming from new business?



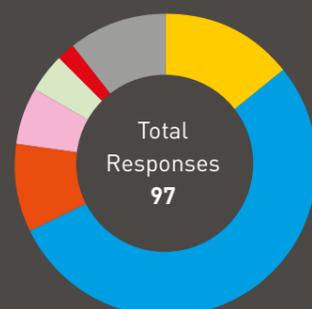
16.4% = 0-10%
 25.3% = 11-20%
 25.3% = 21-30%
 7.7% = 31-40%
 25.3% = 41% or more

When you are looking to recruit staff, which of the following methods have you used over the past 12 months?



22.1% = Recruitment
 54.7% = Visibility
 32.6% = Credibility
 35.8% = New business
 33.7% = Social media has not had a significant impact on any area of my business

What is your primary means of generating new business?



14.4% = Personal contacts
 0% = Memberships
 53.6% = Referrals and recommendation
 9.3% = Networking (face-to-face or social media)
 6.2% = Direct marketing
 4.1% = Advertising
 0% = PR
 2.0% = Third party companies and matchmaker agencies
 10.4% = Other, please specify

The broadband question

Bristol rightly has a strong reputation in digital, and the creative industries relies on broadband infrastructure to deliver.

So we asked one simple question to which we thought it was worth knowing the answer: is your broadband fast enough for your needs?

Clearly this is a subjective rather than an objective measure of performance. But it's a question that matters because, while broadband is improving and Bristol has good bandwidth generally, Bath is known to have some issues, and the demands that businesses put on broadband keep increasing as the technology landscape evolves and expectations change. (For example, we all expect to be able to Skype now without issues and to watch videos clips online without waiting, whereas not so long ago the same expectation wasn't there.)

The result? While 78% said they were happy, that still left fully **22% saying their broadband was falling short. That's a sizeable slice of businesses** that are presumably cursing their predicament or surveying their options in terms of their broadband pipe or their property.



☞ Bristol Media comment:

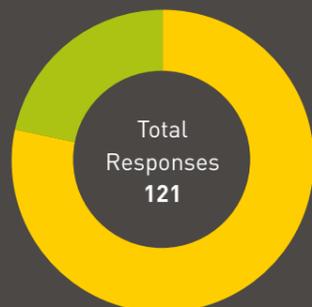
If many creatives in Bristol have great bandwidth and performance, the picture in parts of Bath and beyond the cities across the rest of the West of England is more patchy. It's an issue that's being addressed and is on the agenda of government, but for many creatives the arrival of superfast broadband can't come soon enough.

There are schemes out there to help, including the UK government's newly minted Connection Vouchers offer, using money from the **£150m Urban Broadband Fund** to create 'super-connected cities' – and Bristol is one. But for Bath, which doesn't make the super-connected cities' list, the best options for businesses might come out of the commercial market without state help, with the likes of communications technology business Gradwell, which serves SMEs nationally from its Bath HQ, driving a project for fibre-optic cables for businesses in the city centre.

Called GigaBath, that project is pushing for 50 businesses initially to sign up to make Gradwell's fibre installation plans around Queen Square viable. Once installed it will give businesses a staggering 1,000 Mbps of connectivity – more than 100 times faster than many existing services.

One more thing worth noting is this: GigaBath and some others will be symmetrical services – meaning upload speeds will match download speeds. That's something that is really likely to appeal to creative industries businesses that are often producing huge files that then need uploading.

Are current broadband speeds sufficient to run your business effectively?



78.6% = Yes

21.4% = No

Reflections on the area's infrastructure

Broadband is one part of the infrastructure picture in the West of England, but it's the transport network that usually gets more attention.

What do creatives think about West of England infrastructure in all its forms? We thought we would ask – and here are some of the answers we got. Car parking generated the most comments by a distance.

Infrastructure planning

"Any other European country would have: a) Put an underpass at the bottom of the M32, when Cabot Circus was built; b) provided easy access to Temple Meads station along Friary; and c) put the bus station beside Temple Meads."

"Bristol is a city overrun by control. This restricts the flow of all traffic, from pedestrians and cyclists to cars and all other motor vehicles, including public transport."

"It is agonisingly slow to get from Henleaze to Temple Meads via public transport. I work in Bath at least once a week and I waste at least two hours each time I travel."

"We hope that the new rapid transit system will bring more people past our door, raising profile and increasing visitors and workers in the building."

Car parking

"The parking scheme in Redland has caused us huge problems when it comes to accommodating staff and clients. The number of passes we are allocated as a business is hugely restrictive to us – and the swathes of empty spaces that we can see but not use feels like a kick in the teeth."

"Parking is a big issue in Clifton."

"The Bristol CPZ scheme could have a significant impact on staff travel. Ours is a workforce with specialist skills and we have a small pool to recruit from. If they have to commute, parking can be a big issue."

"We are currently based off Portland Square and parking is on street. This means that we are constantly dodging traffic wardens: as a business of about 50 people, that's a real headache."

"Many of our staff live centrally and so walk or cycle. However, parking around central Bristol makes the commute option less appealing to those living outside of the city centre."

"Parking is a primary issue in Bristol. The plans for resident-only and restricted parking is a significant and unwelcome challenge for businesses, ours included."

Local public transport and infrastructure

"The trains remain unreliable and frequently impact business-critical meetings."

"Public transport links to Paintworks are woeful."

Getting around the country

"Bristol really suits us, with good links to London and good airport links."

"From Bristol the trains to London are expensive and suffer with variable reliability."

Broadband

"Broadband in Bath city centre is slow – we need superfast."

"Broadband provision is very poor and a major issue."

"We are about to move to a village in Somerset. The broadband won't be good. It has to be a priority to connect the whole subregion with the rest of the UK and the world."



Bristol Media comment:

Public transport, road infrastructure and car parking provision are all areas where the West of England is still seen by many local creatives as coming up short – and not without good reason.

There is the promise now, at least, of rapid-transit buses running on dedicated new routes being added to the mix to ease the West of England's transport challenges. And for getting to the wider world there is also the promise of electrification of the Great Western railway line into Paddington within a few years, cutting journey times to London, Swindon, Reading and Cardiff. But it's clearer than ever that **more work on infrastructure and public transport provision** remains to be done for this great city-region to fulfil its true potential.



Temple Quay, Bristol

And finally: what of the future?

Survey the immediate horizon and the prospects for Bristol and Bath city-region creatives look more than promising.

There's a critical mass of talent in the area,

communications are shrinking the world more than ever, an enviable quality of life makes this a desirable place to be located – and London and other UK centres like Birmingham and Manchester are near enough to access comfortably to tap opportunities and forge relationships.

That's illustrated by **93% of respondents saying they are positive about prospects** right now, but there is always nuance to explore and dynamics to understand. So we asked those we surveyed for the upsides and downsides they saw for themselves on the road ahead, starting with the question of any concerns for 2014.

Here are three of the **challenges** identified.

Securing the right talent and skills

"We are concerned about being able to recruit enough technical staff to deliver on our contracts."

"With the rapid expansion of our technology team, we are concerned about securing the skills to support growth."

"We are concerned about the cost of recruiting and training staff. The UK turns out graduates with irrelevant degrees, while there are serious skills shortages in anything web related."

How robust is the recovery?

"We still feel concerned about the risk of static or diminishing UK business spending, and how that might feed through and shrink marketing budgets."

"Things still feel precarious. We fear losing contracts."

"The recovery seems fragile: clients are still nervous about committing investment and prefer project work."

Cash flow

"Being paid on time to maintain decent cash flow remains a worry."

"Cash flow, and specifically non-payment or late payment by clients. We've no loan facilities available from the banks."

Now, turning that around, what about the **upsides and opportunities** for the year ahead, with the UK economy finally on the up again? Here are some responses to that question:

New digital markets

"We are excited by the shift from print into digital publishing, and want to continue capitalising on social media as a channel."

"There are a growing number of digital publishers looking to use our content."

"We see emerging opportunities in digital behavioural analytics."

"We have developed software targeted specifically at creating interactive video for delivery to mobile platforms such as tablets, smartphones, laptops. It's a big opportunity."

International opportunity

"International expansion is the next step for us."

"**We can see ourselves breaking into larger productions and international work**, based on our expandable internal technologies and our great team."

"Quite a few overseas competitors in our sector have closed or shrunk in past 12 months, which creates opportunity."

"We want to tap into international sectors and win over Spanish clients in particular. We are a bilingual agency and already work in both countries."

Keep on developing

"Our plan is to build a large studio space on our existing site. We can concentrate on identifying key areas of growth to produce tailored packages for each industry sector, including the private sector."

"We're looking to expand into new sectors and markets, including museums, those with 4k stock footage, and corporates."

"We are doing more business development and branching out into more non-broadcast and creative agency work."

"We want to open new offices and replicate the model we've established in Bristol."

"We have diversified into a new market. It doesn't have many competitors at the moment so we have a limited period of opportunity to push on and make rapid progress."

☞ Bristol Media comment:

"This year, we can evidence a really positive report on the performance of our region. There has been clear crossover and collaboration amongst film, digital, social, PR and creative companies, creating a new generation of agencies and a host of new platform technology businesses within the region. It is not a question of competing against London, or other UK regions; we attract significant investment in our own right and are succeeding internationally – the region's GVA performance and Oscar, BAFTA and Cannes Lions winners are proof of this.

Co-operative ventures and a collective, determination to grow talent, capability and reach by sharing knowledge, learning and building consensus has really worked."



Fraser Bradshaw
CEO Bristol Media

☞ bristolmedia

Bristol Media is one of the largest creative networks in the UK with over 500 paying members and 4,000 subscribers. The wider aim of the network is to help develop and grow an exciting and competitive creative media community in the city through skills, jobs and subsequently growth.

We are industry led, operating as a profitable member based organisation whose primary role is to deliver training and events for businesses in the vibrant advertising, marketing, digital, design, mobile, games, PR, publishing and TV sectors.

For more information visit www.bristolmedia.co.uk or call 0117 971 0199 and follow us on Twitter @bristol_media



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Survey conducted by

